

In re Patent Application of:

SPALDING

Serial No. **09/837,664**

Filing Date: **April 18, 2001**

REMARKS

Claims 1-17 remain in this application. Claims 1, 4, 11-13 and 16 have been amended.

Applicant thanks the Examiner for the detailed study of the application and prior art. At the outset, Applicant notes the rejection under 35 USC §101 of most claims. Independent claims 1 and 11 have been amended to recite that the approval codes are requested or returned via a communications network, which would include appropriate circuitry, and in one aspect, the use of the internet (computer network, for example), as set forth in claim 4. This is discussed in the detailed description and includes appropriate computer network and interactive voice response units and/or live agents in some instances.

Applicant notes that the present invention is more than providing a secure transaction by sending a seller an approval code and matching the approval code received from a buyer with an approval code received from an authorization processor, and confirming a transaction between a buyer and seller if a match is made between the approval codes. This appears to be the approach used by the Examiner in rejecting all claims as either anticipated by U.S. Patent No. 5,826,245 to Sandberg-Diment, or as obvious over Sandberg-Diment in view of U.S. Patent No. 6,012,144 to Pickett, or U.S. Patent No. 5,949,044 to Walker, et al. (hereinafter "Walker").

At the outset, Applicant contends that the claims as now presented in this Amendment are allowable over the prior art. The present invention is an advancement of a prior art "integrity-based" fraud prevention system, such as the secure

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electronic transactions (SET) protocol and other methods. It does not require extensive changes to a current authorization protocol or a transaction "chain of custody." It could also negate the value of a stolen credit card number and provide a direct link between a consumer and payment provider to authenticate the validity of each purchase.

The present claimed invention prevents the unauthorized use of a credit/debit card during a transaction between a buyer and seller, such as a consumer and merchant using the internet. It prevents unauthorized use of a credit card or debit card by allowing the establishment of a direct link between a buyer and authorization processor. A consumer can inform the authorization processor of each and every purchase approved by the buyer prior to completion of the purchase.

As now set forth in the independent claims, a buyer pre-authorizes a purchase by notifying the authorization processor of an intent to purchase and the amount of purchase. The authorization processor approves a purchase, for example, based on available credit or debit account balance and the card account status. The authorization processor generates an approval code to the buyer. The authorization processor could be a live agent or a computer operable on the internet. A buyer pre-supplies the approval code to the seller, and upon receiving an eventual authorization request from the seller, the authorization processor can provide the same approval code to the seller that was previously provided to the buyer. This can occur seconds after the authorization processor provides the approval code to the buyer or some days.

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Applicant notes that Sandberg-Diment is directed to passing confidential information over an unsecured network using first and second tokens, each of which represent some but not all of the confidential information. A first token is sent electronically via a non-secure communication network from the initiating party to a verification-seeking party. A second token is sent electronically via a non-secure communication network from an initiating party to a verifying party. Verification information is sent electronically using a non-secure communication network from the verifying party to the verification-seeking party. Thus, it is possible in Sandberg-Diment to obtain authorization of credit card transactions made via a non-secure communication network, such as the internet, while reducing the chance for credit card fraud with tokens.

It should be understood that the present claimed invention is not concerned with providing security in the transmission of a credit card number. The present claimed invention anticipates that a credit card number could be compromised and eliminates the potential harm caused by this fact. The present claimed invention does not rely on confidential information in possession of an initiating party as in Sandberg-Diment, for example, column 4, lines 18-20. Nowhere does Sandberg-Diment suggest preauthorizing a purchase by a buyer notifying an authorization processor of an intent to purchase and the amount of a purchase and approving the purchase at the authorization processor and generating an approval code to the buyer using a computer network. Also, Sandberg-Diment does not suggest the pre-supplying to a seller from the buyer of an approval code and receiving at the

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authorization processor an authorization request from the seller and providing an approval code to the seller via a computer network.

Although in Sandberg-Diment some tokens could be compared, there is no matching of an approval code received from the buyer with the approval code received from the authorization processor and confirming the transaction between the buyer and seller, as in the present claimed invention.

As to Pickett, it is directed to performing secure transactions, such as credit card purchases, using two or more non-secure networks, for example, the internet and the public telephone system. A user sends a message over one of the non-secure networks through a computer that automatically uses the second non-secure network to contact the person and verify the transaction. This call-back mechanism uses a method that authenticates the identity or authority of the person initiating the transaction. Thus, Pickett only suggests the use of two different networks for security. Pickett nowhere suggests the providing of a secure transaction by preauthorizing the purchase by a buyer notifying an authorization processor of an intent to purchase, the amount of the purchase, approving the purchase, and generating an approval code and pre-supplying the approval code and other steps as set forth in the present Amendment.

At most, the combination of Sandberg-Diment and Pickett would provide first and second tokens that represent some, but not all, of confidential information that is transmitted by two different and separate networks.

As to Walker, it discloses a financial tender transfer system to increase or decrease credit available on a

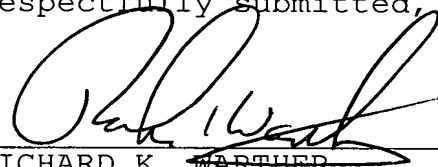
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given credit card as required and authorized by a company. Walker transfers credit or makes payment to a transferee by debiting a credit card of the transfer and crediting the credit card of the transferee. A financial tender value is transferred and permits a transferee to access the transferred money or credit line immediately after completion of the transfer. A complete credit card number is not provided.

Nowhere does Walker suggest the present claimed invention of any pre-authorization and generation of approval codes as now claimed.

Applicant contends that the present case is in condition for allowance and respectfully requests that the Examiner issue a Notice of Allowance and Issue Fee Due. If the Examiner has any questions or suggestions for placing this case in condition for allowance, the undersigned attorney would appreciate a telephone call.

Respectfully submitted,



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Julie Lalar